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SUBJECT: COSTA RICA FLEXING ITS DEMOCRATIC MUSCLES

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11. (SBU) Summary: At a time when the electoral systems of some others in the region are wrapped in controversy, Costa Rica appears to be maintaining its status as a model of institutional democracy in Central America as the country moves towards national elections on February 7. The near-total demise of the corruption-wracked Social-Christian Unity Party (PUSC) has actually shown the strength of Costa Rica's democracy, as newer parties have stepped up to attract voters by offering differing visions for Costa Rica's future without reverting to Chavez-style populism. While this is the product of a healthy democracy, the practical short-term result of this shift will likely result in further fragmentation within the Legislative Assembly. End Summary.

The Break-Down of Two Party Politics

12. (SBU) Costa Rica's political landscape has long been dominated by two forces-current President Oscar Arias' center-left National Liberation Party (PLN) and the center-right PUSC. This year has seen the continued emaciation of PUSC, which had won back-to-back presidential terms as recently as 1998/2002. Voters are punishing PUSC for the rampant corruption that had become endemic within the party over the past ten years, highlighted by the conviction of former President (and until-then PUSC presidential candidate) Rafael Angel Calderon on corruption charges in October 2009. PUSC's current candidate for president is polling at around five percent, while the party is expected to win only about five spots in the 57-seat Legislative Assembly.

13. (SBU) The organic break-up of the traditional two-party system has opened the door to political movements that have grown out of the traditional parties and express voter frustration with the status quo. Otton Solis from the Citizen Action Party (PAC) nearly won the 2006 presidential election (Ref C), and is challenging the PLN from the left with an anti-globalization and anti-corruption platform. Otto Guevara from the Libertarian Movement (ML) is making a claim for PUSC's traditional base on the right with a tough-on-crime stance. (Note: Although the ML advocates for a number of libertarian principles, Guevara himself has taken on more of a center-right platform during his campaign) Though some voters see the candidates (who both ran in 2006) as political retreads who offer few new ideas, others view them as real alternatives to the PLN's Laura Chinchilla (Ref B). And while neither candidate looks likely to knock Chinchilla from her perch as frontrunner, Guevara in particular has made gains in recent months, and according to polls is firmly establishing himself in second place (though he still trails Chinchilla by roughly 20 points).

¶4. (SBU) The likely result of this shift from two-party dominance will be a Legislative Assembly that is even more divided than the one that has struggled to enact reforms over the past four years. Both ML and PAC probably will win a block of seats, and legislators from a number of small parties will complicate the mix. This could negatively impact the next administration's ability to get business done, from merely administering the economy (which requires Assembly approval of international loans, for example), to making much needed changes to energy policy or fiscal management. To govern effectively, the plurality party will likely need to form a coalition within the Assembly, which will be more difficult with increased fragmentation.

Foreign Policy

¶5. (SBU) With domestic security issues currently dominating the campaign, the candidates have not focused on foreign policy. In discussing their plans for governing with the Charge in late 2009, the three leading candidates seemed to have given almost no thought to foreign affairs other than Costa Rica's relationship with the

U.S. Strikingly, when asked what his foreign policy priorities would be, Otton Solis replied, "For example?" It is unlikely that any of the candidates will be as active internationally as President Arias, who brought his Nobel prize and prior presidential experience to international relations. Additionally, it is unlikely that any of the candidates would reverse any of the Arias administration changes in foreign policy such as the government's recognition of China and Cuba. Should Chinchilla win she is expected to continue with the major foreign policy priorities of the Arias administration. Chinchilla, who once worked as a USAID contractor, seeks to continue improving ties with the U.S., specifically on security and economic issues. She has also expressed interest in working with Secretary Clinton on women's empowerment issues (Chinchilla's main proposals are outlined in Ref B).

¶6. (SBU) Guevara, should he mount a come-from-behind victory, would also seek close relations with the U.S., and is staking his claim for the presidency on addressing Costa Rica's growing crime problem. Guevara has said publicly he would disband Costa Rica's intelligence service-DIS-and Chinchilla has suggested she would change it significantly. Guevara has also pledged to reduce or remove a number of domestic and import taxes in seeking to increase Costa Rica's level of international trade. Otton Solis has called for a renegotiation of CAFTA-DR and threatened to abolish free-trade zones in the country. However, Solis says he wants to continue to build ties with the U.S.. Solis told us he would seek to continue cooperation on security issues if elected, but has voiced concerns about the possible "militarization" of Costa Rica.

Comment: A Bolivarian Republic It Is Not

¶7. (SBU) With its political party structure in flux, Costa Rica is noteworthy for what has not developed: a neo-populist movement. Though neo-populism has sprung up throughout the region, Costa Rica's conservative society has proved unreceptive to "Chavismo". Even the left-of-center Solis both publicly and privately steers clear of any comparison with Chavez and instead portrays his party as kin to the U.S. Democratic party. This is in part due to an eminently democratic spirit and a significant middle class in Costa Rica, which serves as a moderating force politically and socially. However, it is also due to the existence of a properly functioning democracy in which a free press uncovers, the judiciary prosecutes,

and then voters punish the worst instincts of politicians.
BRENNAN